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U.S. PARTICIPATION IN THE INTER-AMERICAN DEVELOPMENT BANK, THE ASIAN DEVELOPMENT BANK, AND THE AFRICAN DEVELOPMENT FUND

MAY 18 (legislative day, MAY 16), 1983.—Ordered to be printed

Mr. PERCY, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 1310]

The Committee on Foreign Relations having had under consideration an original bill to provide for continuing participation by the United States in the Inter-American Development Bank, the Asian Development Bank, the African Development Fund, and for other purposes, reports favorably thereon and recommends that the bill do pass.

SUBSCRIPTIONS AUTHORIZED BY THIS BILL

	Total subscriptions authorized	Paid-in portion	Callable portion	U.S. share of total (percent)
Inter-American Development Bank:				
Ordinary capital [1]	$5,156,000,000	$232,000,000	$4,924,000,000	34.5
Fund for special opera [1]	350,000,000	350,000,000		41.0
Asian Development Bank:				
Ordinary capital [2]	1,300,000,000	66,200,000	1,257,000,000	16.3
Asian Development Fund [3]	520,000,000	520,000,000		13.47
African Development Fund [4]	150,000,000	150,000,000		13.47

[1] 1983–1986.
[2] 1983–1987.
[3] 1983–1986.
[4] 1982–1984.

Note: Life of each replenishment.

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Principal Purposes of the Bill

TITLE I OF THE BILL

Further amends the Inter-American Development Bank Act by authorizing the U.S. Governor to agree on behalf of the United States to (1) an increase in the authorized capital stock of the Bank and subscriptions thereto, (2) an increase in the resources of the Fund for Special Operations and contributions thereto, (3) $350,000,000 for the United States share of the increase in the resources of the Fund for Special Operations and (4) provide $5,155,862,744 for the United States subscriptions to the capital stock of the Bank.

Authorizes appropriation for the payment of these funds to the Inter-American Development Bank.

TITLE II OF THE BILL

Further amends the Asian Development Bank Act by authorizing the U.S. Governor to agree on behalf of the United States to subscribe on behalf of the United States to increase capital stock of the Bank.

Authorizes the appropriation of $1,322,999,476 in order to pay for the increase in the U.S. subscription to the Bank.

Authorizes a United States contribution of $520,000,000 to the Asian Development Fund and appropriation of these funds.

TITLE III OF THE BILL

Further amends the African Development Fund Act by authorizing the U.S. Governor to contribute on behalf of the United States $150,000,000 to the Fund as the United States contribution to the third replenishment of the resources of the Fund.

Authorizes appropriation of these funds for payment by the Secretary of the Treasury. There has already been appropriated $50 million for fiscal year 1983 as the first installment.

Committee Action

On February 18, 1983 the draft bill providing for U.S. participation in the third replenishment of the African Development Fund was transmitted to the Senate. Provisions contained in this bill had been considered by the Committee during the 97th Congress and had passed the Senate but was not acted upon by the House. On February 28, 1983, the legislation was introduced by Senator Percy, at the request of the Administration, as S. 609.

On February 23, 1983, the Committee received testimony from Secretary of the Treasury Donald Regan with respect to U.S. participation in the anticipated replenishments of the Inter-American Development Bank, the Asian Development Bank and the replenishment of the African Development Fund.

On March 28, 1983, a draft bill providing for U.S. participation in the sixth replenishment of the Inter-American Development Bank's capital stock, the seventh replenishment of the Fund for Special Operations, the third replenishment of the Asian Development Bank's capital stock, and third replenishment of the Asian Devel-

opment Fund, was transmitted to the Senate. On April 6, 1983, the legislation was introduced by Senator Percy as S. 984 at the request of the Administration.

On April 19, 1983, the Committee marked up S. 609 and S. 984 and reported them favorably as a new bill by a voice vote with a voting quorum of Senators voting.

COMMITTEE COMMENTS

SUMMARY

The Committee took careful note of Secretary of the Treasury Donald Regan's statement to the Committee that "The (Multilateral Development Banks) MDBs are proven, effective instruments for promoting economic growth and development, and our participation in the MDBs represents a significant part of both present and projected U.S. foreign assistance."

During consideration of this legislation, the Committee noted that the MDBs are the largest official source of external capital for the lesser developed countries. In particular, it was pointed out that U.S. contributions to the MDBs are important catalysts in generating contributions by other countries.

Finally, the Committee noted that the annual costs of the Administration requests for these programs are modest and will be $323.7 million compared to $399.9 million under the previous replenishments for these same institutions—a 19.9 percent reduction in annual appropriations.

1. Inter-American Development Bank

INTER-AMERICAN DEVELOPMENT (IDB)

Proposed Capital Increase (sixth)

$14,849 million;
$5,155,862,744 (U.S. share);
$232.0 million (U.S. paid-in);
$4,923.85 million (U.S. callable capital).

INTER-AMERICAN DEVELOPMENT BANK FUND FOR SPECIAL OPERATIONS (FSO)

Proposed Replenishment (seventh)

$763 million; [1]
$350 million (U.S. share).

The Inter-American Development Bank (IDB), established in 1959, is an intergovernmental organization, corporate in form, whose capital stock is owned by its members governments and whose purpose is to promote economic development in the developing countries in the Western Hemisphere. The IDB does this by extending loans for specific development projects. It makes loans on near market terms from its ordinary/inter-regional capital resources which consists of (1) paid-in capital subscriptions which are used to support borrowings in capital markets. As of the end of 1982, the IDB had 27 Western Hemisphere member countries in-

[1] Includes $60,000,000 additional proposed by Senate Foreign Relations Committee.

cluding the United States and Canada but excluding Cuba. In addition, sixteen non-regional countries (fourteen European countries plus Japan and Israel) are also members of the Bank.

Cumulative ordinary/inter-regional capital loan commitments were $11.48 billion as of September 30, 1982. During U.S. fiscal year 1982, 411 loans to 18 different countries were extended from the IDB's ordinary capital window, for a total of $1.47 billion. The bulk of this lending was directed to projects in the energy and agriculture sectors, with a significant amount also going to transportation. Other sectors receiving Bank funding included mining, public health, and urban development.

In addition to its ordinary/inter-regional capital lending operations, the IDB extends loans from the resources of the Fund for Special Operations (FSO) in circumstances where financing at near market rates of interest is not appropriate. FSO loans are made on concessional terms and are extended entirely from contributions provided by the United States and other members of the Bank. The FSO was established in 1959 as an integral element in the Bank's lending operations.

As of September 30, 1982, cumulative loan commitments from the FSO totalled $9.2 billion. During U.S. fiscal year 1982, 31 loans to 12 different countries were extended from the FSO, for a total of $491.6 million. Over half of the year's lending was directed to the agriculture sector. Other sectors receiving substantial amounts of FSO resources included energy, transportation, urban development, industry, and education.

The proposed replenishment for the Inter-American Development Bank would provide an increase in capital of $14.8 billion for a total capitalization of $34.4 billion, if members subscribe to all authorized capital shares. The replenishment also would provide an additional $763 million for the concessional Fund for Special Operations, bringing total contributions to this program since its inception in 1960 to almost $8.4 billion.

These increases in resources together with several improvements in financial policies, are designed to provide financial support for a $13.0 billion lending program for the 1983–86 period. Using the 1982 lending program as a baseline, the proposed replenishment would permit an overall annual increase of 13.8 percent in IDB lending during the four year period, a slight decline from the 15 percent annual increase during the previous replenishment.

The subscription to IDB capital will require only 4.5 percent to be paid-in compared to 7.5 percent in the previous replenishment.

All members of the IDB, including borrowing countries, will provide their entire paid-in subscriptions and contributions in covertible currencies, strengthening the lending flexibility of the institution.

The United States would retain its traditional share of these proposed resource replenishments: 34.5 percent of the capital increase and about 41 percent of the FSO replenishment. The total U.S. subscription to the four year capital increase would be $5.2 billion, including $232 million paid-in. The total U.S. contribution to the FSO under the Administration request during this period would be $290 million. However, the Committee amended this request and added $60 million to the U.S. contribution to the FSO.

The Committee adopted two amendments during consideration of the MDB legislation, both were amendments to the replenishment of the Inter-American Development Bank's loan windows.

The first amendment offered by Senator Dodd added $60 million to the U.S. share of the replenishment of the Fund for Special Operations (FSO)—the soft loan window of the IDB. The Committee noted that the Caribbean Basin Region had been selected by the President as a critical region for the U.S. in foreign policy terms, and that the IDB—the principal developmental institution serving the region—deserved additional support. Further, Senator Dodd stressed that the CBI countries were in desperate need of concessional assistance which only the FSO could offer and from which many of them are eligible to receive assistance. The fact that the proposed FSO replenishment of $700 million fell far short of the last replenishment of $1.75 billion was taken under careful consideration.

The second amendment adopted by the Committee was an amendment offered by Senator Zorinsky in order to codify in law what the Administration has indicated is its policy with respect to hiring and firing of personnel at the IDB. This amendment includes both a policy statement that it is not the practice of the U.S. to hire or fire for political reasons. Further, it will now be required that the Administration consult with members of the House Banking and Senate Foreign Relations Committees prior to taking personnel initiatives which effect the principal officers of the IDB—some 31 positions.

Principal Officers of the Bank

President, Antonio Ortiz Mena; Executive Vice President, Michael E. Curtin; Controller, Jean-Claude L. Eude; Auditor General, William L. Taylor; Exernal Relations Advisor, Marian Anthony Czarnecki; Chief, Office of the President, Oscar Rodriguez-Rozic.

OPERATIONS DEPARTMENT

Manager, Norman Marques Jones; Senior Deputy Manager, Jorge Ferraris; Deputy Manager—Region I, Rodrigo E. Moscoso; Deputy Manager—Region II, Abayuba Morey Rolando; Deputy Manager—Region III, William A. Ellis.

FINANCE DEPARTMENT

Manager, Henry J. Costanzo; Deputy Manager—Treasurer, Pedro Irañeta.

ECONOMIC AND SOCIAL DEVELOPMENT DEPARTMENT

Manager, Hernán Aldabe; Deputy Manager for Integration, Richard Fletcher; Deputy Manager for Economic and Social Studies, Jorge Ruiz Lara; Deputy Manager for Technical Cooperation, Beatriz Harretche.

PROJECT ANALYSIS DEPARTMENT

Manager, Luis Fernando Jaramillo; Deputy Manager for Infrastructure, Energy and Industry, Julio E. Heurtematte, Jr.; Deputy Manager for Agriculture and Social Affairs, Ricardo N. Miranda.

LEGAL DEPARTMENT

General Counsel, Jerome I. Levinson; Deputy General Counsels, Joaquín de Pombo; Freeborn G. Jewett, Jr.

PLANS AND PROGRAMS DEPARTMENT

Manager, José D. Epstein; Deputy Manager, Carlos Miguel González.

ADMINISTRATIVE DEPARTMENT

Manager, Rafael Glower Valdivieso; Deputy Manager, Budget, Services and Systems, Marvin Weissman; Deputy Manager, Human Resources Administration, Jorge Camarena.

SECRETARIAT DEPARTMENT

Secretary, Jorge Elena; Deputy Secretary, Arturo Calventi.

Special Representative in Europe, Reuben Sternfeld.

Senator Zorinsky stressed that this should entail very few consultations with the Committees annually, as the turnover has traditionally been very small. Further he stressed that this should not be burdensome as these positions are not generally filled "overnight" and ample opportunity exists for the Administration to discuss their personnel strategy with respect to changes in these positions.

Finally, Senator Zorinsky noted that this amendment is nothing more than Secretary Regan indicated was U.S. policy concerning this matter following hearings before the Committee of February 23, 1983.

Question submitted to Secretary Regan following Committee hearing on February 23, 1983, and Secretary's written response.

Question. Recalling that at the time of Mr. Casanova's confirmation hearing an issue was raised concerning U.S. policy with respect to internal personnel matters of the IDB—specifically, with respect to recommending termination of Bank personnel for political reasons. At that time, Mr. Casanova told the Committee, in writing, that this was not the policy of the United States. Additionally, he pledged that no major personnel initiatives would be undertaken without consultation with members of the Committee.

Does Mr. Casanova continue to stand by the pledges?

Does this continue to be the policy of the U.S.?

Despite these pledges, has Mr. Casanova been making representations to the President of the IDB indicating that the U.S. wants certain individuals on the staff of the Bank terminated because their political philosophy may not be in keeping with his own?

Does the U.S. Executive Director speak for the Administration on questions of the removal of personnel from the IDB? If not, has

this been made clear to both the U.S. Executive Director and the President of the IDB?

Answer. I want to reaffirm that the U.S. Government does not judge the performance of employees of the international institutions on the basis of an employee's political philosopy. Nor does the U.S. Government recommend employment or termination of employment on such a basis. Mr. Casanova, as U.S. Executive Director, adheres to this policy and reaffirms the commitments made to the Committee on the matter at the time of his confirmation.

I also want to affirm that prior to taking any major personnel initiatives in the institution, the Committee will be consulted.

As Executive Director of the IDB, Mr. Casanova effectively wears two hats. He is a representative of the United States, as well as a senior executive of the institution. In the latter capacity, he is expected to encourage the highest standards of professional efficiency and competence in the IDB staff. The U.S. does not advocate the termination of individuals on the staff of the Bank because of their political philosophy or activity. Mr. Casanova is aware of, and supports this position which is consistent with the pledges he made at the time of his confirmation.

INTER-AMERICAN DEVELOPMENT BANK SUBSCRIPTION TO THE SIXTH REPLENISHMENT

	Paid-in shares	Callable shares	Total shares	Total subscriptions expressed in U.S. dollars [1]
Regional members:				
Argentina	6,428	136,420	142,848	1,723,237,188
Bahamas	124	2,636	2,760	33,295,068
Barbados	76	1,632	1,708	20,604,340
Bolivia	516	10,942	11,458	138,343,444
Brazil	6,428	136,420	142,848	1,723,237,188
Canada	2,428	51,528	53,956	650,894,560
Chile	1,760	37,464	39,224	473,176,072
Colombia	1,760	37,436	39,196	472,838,296
Costa Rica	260	5,472	5,732	69,147,596
Dominican Republic	344	7,308	7,652	92,309,384
Ecuador	344	7,308	7,652	92,309,384
El Salvador	260	5,472	5,732	69,147,596
Guatemala	344	7,308	7,652	92,309,384
Guyana	96	2,028	2,124	25,622,728
Haiti	260	5,472	5,732	69,147,596
Honduras	260	5,472	5,732	69,147,596
Jamaica	344	7,308	7,652	92,309,384
Mexico	4,132	87,692	91,824	1,107,712,616
Nicaragua	260	5,472	5,732	69,147,596
Panama	260	5,472	5,732	69,147,596
Paraguay	260	5,472	5,732	69,147,596
Peru	860	18,280	19,140	230,894,096
Suriname	52	1,112	1,164	14,041,836
Trinidad and Tobago	260	5,472	5,732	69,147,596
United States	19,232	408,164	472,396	5,155,862,744
Uruguay	688	14,628	15,316	184,763,528
Venezuela	3,444	73,088	76,532	923,283,604
Total regional members	51,480	1,092,488	1,143,968	13,800,180,612
Nonregional members:				
Austria	44	932	976	11,773,912
Belgium	104	2,208	2,312	27,890,656
Denmark	48	992	1,040	12,545,968
Finland	44	932	976	11,773,912

INTER-AMERICAN DEVELOPMENT BANK SUBSCRIPTION TO THE SIXTH REPLENISHMENT—Continued

	Paid-in shares	Callable shares	Total shares	Total subscriptions expressed in U.S. dollars [1]
Nonregional members:				
France	536	11,340	11,876	143,265,324
Germany, Federal Republic of	548	11,616	12,164	146,739,592
Israel	44	916	960	11,580,896
Italy	536	11,340	11,876	143,265,324
Japan	596	12,652	13,248	159,816,352
Netherlands	80	1,724	1,804	21,762,432
Portugal	12	300	312	3,763,788
Spain	536	11,340	11,876	143,265,324
Sweden	88	1,936	2,024	24,416,384
Switzerland	120	2,532	2,652	31,992,220
United Kingdom	536	11,340	11,876	143,265,324
Yugoslavia	44	932	976	11,773,912
Total nonregional members	3,916	83,032	86,948	1,048,891,320
Subtotal	55,396	1,175,520	1,230,916	14,849,071,932
Unassigned	563	11,949	12,512	150,937,665
Grant total	55,959	1,187,469	1,243,428	15,000,009,597

[1] Translated into current U.S. dollars at the rate of US$12,063.43238 per share pursuant to provisions of the Agreement Establishing the Bank that each share of the Bank's capital stock shall have a par value of $10,000 expressed in terms of U.S. dollars of the weight and fineness in effect on Jan. 1, 1959. The General Counsel of the Bank has rendered an opinion that since the effectiveness on Apr. 1, 1978, of the Second Amendment to the Articles of Agreement of the International Monetary Fund, which eliminated par values of currencies in terms of gold, the Special Drawing Right (SDR) has become the successor to the 1959 U.S. dollar as the standard unit of value of the Bank's capital stock. The Bank's governing boards have not yet made a decision on this matter.

CONTRIBUTIONS TO THE INCREASE OF THE FUND FOR SPECIAL OPERATIONS [1]

Member country and unit of obligation	Amount in units of obligation	U.S. dollar equivalent	SDR equivalent [2]
Regional members:			
Argentina		40,000,000	36,642,560
Bahamas		908,000	831,786
Barbados		124,000	113,592
Bolivia		3,264,000	2,990,033
Brazil		40,000,000	36,642,560
Canada (Canadian dollar)	47,888,100	39,000,000	35,726,496
Chile		11,240,000	10,296,559
Colombia		11,240,000	10,296,559
Costa Rica		1,612,000	1,476,695
Dominican Republic		2,188,000	2,004,348
Ecuador		2,188,000	2,004,348
El Salvador		1,612,000	1,476,695
Guatemala		2,188,000	2,004,348
Guyana		700,000	641,245
Haiti		1,612,000	1,476,695
Honduras		1,612,000	1,476,695
Jamaica		2,188,000	2,004,348
Mexico		28,000,000	25,649,792
Nicaragua		1,612,000	1,476,695
Panama		1,612,000	1,476,695
Paraguay		1,612,000	1,476,695
Peru		5,536,000	5,071,330
Suriname		536,000	491,010
Trinidad and Tobago		1,612,000	1,476,695
United States (U.S. dollar)	290,000,000	290,000,000	265,658,560
Uruguay		4,380,000	4,012,360
Venezuela		28,000,000	25,649,792
Total regional members		524,576,000	480,545,186

CONTRIBUTIONS TO THE INCREASE OF THE FUND FOR SPECIAL OPERATIONS [1]—Continued

Member country and unit of obligation	Amount in units of obligation	U.S. dollar equivalent	SDR equivalent [2]
Nonregional members—			
Austria		1,995,000	1,827,548
Belgium (Belgian franc)	225,432,480	4,732,000	4,334,815
Denmark		2,126,000	1,947,552
Finland		1,995,000	1,827,548
France		24,314,000	22,273,180
Germany, Federal Republic of		24,901,000	22,810,910
Israel		1,969,000	1,803,730
Italy (Italian lira)	33,899,794,500	24,314,000	22,273,180
Japan		27,123,000	24,846,404
Netherlands		3,698,000	3,387,605
Portugal		642,000	588,113
Spain		24,314,000	22,273,180
Sweden		4,139,000	3,791,569
Switzerland		5,429,000	4,973,311
United Kingdom (Pound sterling)	15,963,495	24,314,000	22,273,180
Yugoslavia		1,995,000	1,827,548
Total nonregional members		178,000,000	163,059,393
Grand total		702,576,000	643,604,579

[1] The amount in units of obligation is determined by IMF representative exchange rates and the SDR value of currencies published by the International Monetary Fund on Feb. 24, 1983.
[2] Rounded to the nearest SDR unit.

Note: Those members who have not specified their unit of obligation as indicated in the above table shall do so at the latest when they submit their instrument of Contribution.

2. The Asian Development Bank:

THE ASIAN DEVELOPMENT BANK (ADB)

Proposed General Capital Increase (third)

$8.1 billion;
$1,322,999,476 (U.S. share);
$66.2 million (paid-in);
$1,257 billion (callable).

ASIAN DEVELOPMENT FUND

Proposed Replenishment (third)

$3,209 million;
$520 million (U.S. share).

On April 25, 1983, the ADB Board of Governors approved a resolution providing for a 105 percent increase in the ADB's capital stock with a 5 percent paid-in capital component. Negotiations began in December 1980 with an ADB proposal for a 125 percent GCI with a 10 percent paid-in component. (The previous GCI included a 135 percent increase and 10 percent paid-in).

The third GCI finances ordinary capital (hard loan) lending to Asian countries during the five year 1983-1987 period, with annual growth in lending at 15 percent. The previous GCI for the period 1978-1982 allowed 17 percent annual growth in lending. Principal borrowers of these funds will be: Indonesia, Philippines, Korea, Thailand, Malaysia, Pakistan, and Papua New Guinea. In addition, India requested an unprecedented $2 billion borrowing program from this GCI. The U.S. view which is shared by ADB management and many Bank members is that the GCI was negotiated with the

requirements of the traditional borrowers in mind and that there is simply no room for ADB lending to any major new borrowers.

The GCI calls for the ADB to ease its conservative financial policies and make increased use of available resources. First, the paid-in capital component is reduced from 10 to 5 percent. Second, the ADB imposed limit on leveraged use of convertible callable capital will be increased from 75 percent to 85–90 percent. Third, the Bank will phase out its allocation to the special reserve. Finally, Irving Friedman of First Boston is conducting a comprehensive examination of the ADB's financial policies to suggest other changes in policy.

The third GCI represents a $1,323 million commitment for the United States over five years. The U.S. share remains in parity with the Japanese share at 16.3 percent of ADB capital. Voting power of both countries will be 13.57 percent. The annual U.S. subscription for 1983–1987 includes $13.2 million for paid-in capital and $251.4 million for callable capital. The annual amount for paid-in capital represents a significant reduction from the previous level of $20.4 million.

ADB REPLENISHMENT TABLE

Asian Development Bank, third general capital increase, country subscriptions

Regional Members:	*U.S. Dollars* [1]
Afghanistan, Democratic Republic	31,612,583
Australia	562,260,032
Bangladesh	99,212,897
Bhutan	1,233,191
Burma	52,919,979
Cambodia	23,141,097
China, Republic	105,839,958
Cook Islands	257,362
Fiji	6,605,614
Hong Kong	52,919,979
India	615,180,011
Indonesia	529,199,790
Japan	1,322,999,475
Kiribati	386,042
Korea, Republic	489,501,763
Lao Peop. Democratic Republic	2,766,637
Malaysia	264,599,895
Maldives	386,042
Nepal	14,283,569
New Zealand	149,226,834
Pakistan	211,679,916
Papua New Guinea	9,114,890
Philippines	231,518,206
Singapore	33,060,242
Solomon Islands	643,404
Sri Lanka, Democratic Social Republic	56,351,467
Thailand	132,294,586
Tonga	386,042
Vanuatu	643,404
Viet Nam, Social Republic	67,975,633
Western Samoa	643,404
Total Regional	5,068,843,946

Nonregional members:	*U.S. Dollars* [1]
Austria	33,060,242
Belgium	33,060,242
Canada	508,289,160
Denmark	33,060,242
Finland	13,221,952
France	165,365,551
Germany, Federal Republic of	420,357,280
Italy	132,294,586
Netherlands	72,758,269
Norway	33,060,242
Sweden	13,221,952
Switzerland	45,445,769
United Kingdom	198,447,240
United States	1,322,999,475
Total nonregional	3,024,642,204
Grand total	8,093,486,150

[1] 5 percent of amount shown is paid-in; 95 percent is callable.

In addition to its ordinary capital lending operations, the Asian Development Bank (ADB) extends loans at concessional rates from funds provided by various ADB member governments. These special funds are used to finance priority economic development projects in the poorest ADB member countries. As of December 31, 1982, cumulative loan commitments from the Asian Development Fund (ADF) totaled $3,518 million.

In contrast to the International Development Association (IDA) and the Fund for Special Operations (FSO) of the Inter-American Development Bank, the ADB's Original concessional special funds were contributed on an unscheduled basis through bilateral arrangements made by the Bank with each contributor. In 1974 the Asian Development Fund (ADF) was created to provide for more regular and organized burden-sharing arrangements within a multilateral framework and more uniform administration and utilization of concessional funds.

The ADB Board of Governors adopted a resolution for the third ADF replenishment in August, 1982. The ADF finances development projects at concessional rates in low-income Asian countries such as Bangladesh, Pakistan Nepal and Sri Lanka. After the ADB mangement proposed a $4.1 billion replenishment, the donors finally opted for a $3.2 billion total for the period 1983–86. For the first time, developing countries including Hong Kong, Indonesia, Korea, and Taiwan, contributed to ADF.

The following table summaries to ADF replenishment:

CONTRIBUTION OF DEVELOPED AND DEVELOPING MEMBER COUNTRIES

Member Country	Contribution (U.S. dollar)	Percent of total
Australia	$230,400,000	7.2
Austria	30,000,000	0.9
Belgium	28,800,000	0.9
Canada	282,960,000	8.8
China, Republic of	2,000,000	0.06

CONTRIBUTION OF DEVELOPED AND DEVELOPING MEMBER COUNTRIES—Continued

Member Country	Contribution (U.S. dollar)	Percent of total
Denmark	29,000,000	0.09
Finland	25,820,000	0.08
France	172,680,000	5.4
Germany	210,803,000	6.6
Hong Kong	1,000,000	0.03
Indonesia	3,000,000	0.09
Italy	135,200,000	4.2
Japan	1,212,080,000	37.7
Korea	3,500,000	0.1
Netherlands	78,000,000	2.4
New Zealand	4,750,000	0.15
Norway	25,000,000	0.77
Sweden	43,920,000	1.4
Switzerland	42,460,000	1.3
United Kingdom	132,700,000	4.1
United States	520,000,000	16.2
Total	3,214,073,000	[1] 100.00

[1] Figures rounded.

3. The African Development Bank:

AFRICAN DEVELOPMENT FUND (AFDF)

Proposed Replenishment (third)

$1,059 million;
$150 million (U.S. share).

The African Development Fund (AFDF) was established in 1973 to complement the operations of the African Development Bank (AFDB) by providing concessional financing for high priority development projects in the poorest African countries. The Fund consists of 25 non-regional donor countries plus the AFDB representing all of its members. As of September 30, 1982, the Fund's resources totaled $1.3 billion.

The African Development Fund is a separate entity from the AFDB, with its own independent decision-making process and financial automony. The Fund's Board of Directors is composed of twelve directors, six elected from the donor countries and six from the Board of Directors of the Bank. The directors designated by the donor countries have 50 percent of the voting power and the directors designated by the Bank have the other 50 percent. At 75 percent weighted vote is required for all operational decisions.

Fund lending is restricted to the poorest of its members. In fiscal year 1982, the AFDF loaned $428 million to 32 member countries. The fund's resources have been concentrated on agricultural, transportation and public utilities (primarily water supply and sewerage) projects.

In 1982, negotiations for a third replenishment of Fund resources (AFDF III) were completed. A $1.3 billion target was established for the AFDF III of which $1.1 billion has actually been pledged to date. Legislation authorizing a $150 million increase in U.S. contributions to the Fund was submitted and voted upon favorably by the Senate during the 97th Congress. Unfortunately, the House

failed to act, therefore, the President has resubmitted the legislation in the 98th Congress. The Congress has already approved appropriations of $50 million in fiscal year 1983, contingent upon favorable consideration of the authorizing bill.

The U.S. contribution is 13.47 percent of the total replenishment with amounts to $1114 million. Other important contributors are Japan (12.87 percent); the countries of the European Economic Community (34.5 percent); and Canada (7.54 percent).

COUNTRY BREAKDOWN OF AFDF REPLENISHMENT—AFDF III CONTRIBUTIONS

	Amount (dollars in millions [1])	Percent of total	Percent of nonregional
AFDB	26.26	2.36	
Argentina	8.00	0.72	0.73
Austria	13.13	1.18	1.21
Belgium	17.86	1.60	1.64
Brazil	13.13	1.18	1.21
Canada	84.04	7.54	7.73
Denmark	36.45	3.27	3.35
Finland	13.89	1.25	1.28
France	74.06	6.65	6.81
Germany	102.95	9.24	9.46
India	7.93	0.71	0.73
Italy	105.05	9.43	9.66
Japan	139.99	12.57	12.87
Korea	8.82	0.79	0.81
Kuwait	15.87	1.42	1.46
Netherlands	23.28	2.09	2.14
Norway	37.78	3.39	3.47
Portugal	10.51	0.94	0.97
Saudi Arabia	40.00	3.59	3.68
Spain	16.66	1.50	1.53
Sweden	57.82	5.19	5.32
Switzerland	44.33	3.98	4.07
UAE	10.00	0.90	0.92
United Kingdom	45.17	4.05	4.15
USA	150.00	13.47	13.79
Yugoslavia	11.00	0.99	1.01
Total	1,113.98	100.00	100.00

[1] Converted from Fund Units of Account (FUA) at one FUA equal to U.S. $1.0505.

Section-by-Section Analysis

TITLE I—INTER-AMERICAN DEVELOPMENT BANK

Section 101 states that the Inter-American Development Bank Act is amended by adding the following new sections:

Section 31(a) authorizes the United States Governor of the Bank to vote for an increase in the authorized capital stock of the Bank and subscriptions thereto and for an increase in the resources of the Fund for Special Operations and contributions thereto.

Further authorizes the United States Governor of the Bank on behalf of the United States to subscribe to four hundred twenty-seven thousand three hundred and ninety-six shares of the increase in the authorized capital stock of the Bank and to contribute $350,000,000 to the Fund for Special Operations except that such

subscriptions and contributions shall be effective only to the extent that such amounts are provided in advance in appropriation acts.

Section 31(b) authorizes to be appropriated without fiscal year limitation $5,155,862,744 for the United States subscriptions to the capital stock of the Bank and $350,000,000 for the United States share of the increase in the resources of the Fund for Special Operations.

Section 32(a) states that it shall be the policy of the United States that no initiatives, discussions or recommendations concerning the placement or removal of any Inter-American Development Bank personnel by any official of the United States Government shall be based on the political philosophy or activity of the individual under consideration.

Section 32(b) states that the Secretary of the Treasury shall consult with the Senate Foreign Relations Committee and House Banking, Finance, and Urban Affairs Committee prior to any discussions or recommendations by any official of the United States Government concerning the placement or removal of any principal officer of the Inter-American Development Bank management.

TITLE II—ASIAN DEVELOPMENT BANK

Section 201 states that the Asian Development Bank Act is amended by adding the following sections:

Section 27(a) authorizes the United States Govenor of the Bank to subscribe on behalf of the United States to one hundred twenty-three thousand three hundred and seventy-five additional shares of the capital stock of the Bank. Any subscription shall be effective only to such extent and in such amounts as are provided in advance in appropriations.

Section 27(b) authorizes appropriation without fiscal year limitation of $1,322,999,476 in order to pay for the increase in the United States subscription.

Section 28(a) authorizes a United States contribution of $520,000,000 to the Asian Development Fund subject to the necessary appropriations.

Section 28(b) authorizes an appropriation without fiscal year limitation of $520,000,000 in order to pay for the United States contribution to the Asian Development Fund.

TITLE III—AFRICAN DEVELOPMENT FUND

Section 301 amends the African Development Fund Act to include the following new section:

Section 213(a) authorizes the United States to contribute $150,000,000 to the Fund as the United States contribution to the third replenishment of the resources of the Fund, subject to obtaining the necessary appropriations.

Section 213(b) authorizes appropriation without fiscal year limitation of $150,000,000 for payment to the Fund.

COST ESTIMATE

In accordance with Rule XXVI of the Standing Rules of the Senate, the Committee provides the following estimates of the cost of the bill, prepared by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 29, 1983.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for a bill to provide for increased participation by the United States in the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund, as ordered reported by the Senate Committee on Foreign Relations on April 28, 1983.

Should the Committee so desire, we would be pleased to provide further detail on the attached cost estimate.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: Unassigned.
2. Bill title: A bill to provide for increased participation by the United States in the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund.
3. Bill status: As ordered reported by the Senate Committee on Foreign Relations on April 28, 1983.
4. Bill purpose: This legislation authorizes the appropriation without fiscal year limitation of:
   (a) $5,155,862,744 for capital subscriptions to the Inter-American Development Bank;
   (b) $350,000,000 for the Fund for Special Operations;
   (c) $1,322,999,476 for capitial subscriptions to the Asian Development Bank;
   (d) $520,000,000 for the Asian Development Fund; and,
   (e) $150,000,000 for the African Development Fund.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987	1988
Estimated Authorization	[1] 50	339	339	289	289	13
Estimated Callable						
Capital Subscriptions		1,482	1,482	1,482	1,482	251
Estimated Outlays	0	4	24	54	104	155

[1] The first installment of $50,000,000 on the African Development Fund was provided in the 1983 Continuing Appropriations Resoluton, Public Law 97-377.

The costs of this bill fall in budget function 150.

Basis of estimate: This estimate assumes enactment of this legislation by September 30, 1983 and appropriation or provision of the authorized amounts in appropriatons acts.

The legislation authorizes the U.S. Governors to the respective multilateral lending institutios to vote for recently negotiated increases in the resources of the Inter-Amercain Bank and Fund for Special Operations, the Asian Development Bank and Asian Development Fund, and the African Development Fund; provided, that the increases shall be effective only to such extent or in such amounts as are provided in advance in appropriations acts. The resource increases are international agreements between member and donor countries and cover a number of years. The contribution to the African Development Fund covers three years from 1983 through 1985. The capital subscription to the Inter-American Bank, the contribution to the Fund for Special Operations, and the Asian Development Fund covers four years from 1984 through 1987. The capital subscription to the Asian Development Bank covers five years from 1984 through 1988. The estimate assumes the capital subscription or contribution will be provided in equal annual installments as requested by the President and shown below:

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987	1988
Inter-American Development Bank:						
Paid-in capital		58.0	58.0	58.0	58.0	
Callable capital		1,231.0	1,231.0	1,231.0	1,231.0	
Fund for special operations		87.5	87.5	87.5	87.5	
Asian Development Bank:						
Paid-in capital		13.2	13.2	13.2	13.2	13.2
Callable capital		251.4	251.4	251.4	251.4	251.4
Asian Development Fund		130.0	130.0	130.0	130.0	
African Development Fund	[1] 50.0	50.0	50.0			

[1] The first installment of $50,000,000 on the African Development Fund was provided in the 1983 Continuing Appropriations Resolution, Public Law 97-377.

Capital subscriptions support the lending of the Banks through their regular loan windows. Paid-in capital, as the name implies, is paid to the Banks by the member countries. It must be appropriated and results in outlays. Callable capital subscriptions are a guarantee of the Bank's borrowings on the world's capital markets for relending. In recent years, callable capital subscriptions have been provided as limitations in appropriations acts instead of direct appropriations. The limitations are not counted as budget authority since they provide no authority to obligate or outlay federal funds. They are a contingent liability to provide funds to the Banks should the Banks be unable to repay their capital bonds. There has never been a call on these funds and none is estimated. No outlays are estimated on callable capital subscriptions.

Contributions to the concessional lending windows of the Banks: the Fund for Special Operations, the Asian Development Fund, and the African Development Fund; are assumed to be appropriated in full. Outlays for the contributions and paid-in capital were estimated using historical spendout rates.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.
8. Previous CBO cost estimate: None.
9. Estimate prepared by: Joe Whitehill.
10. Estimated approved by: James L. Blum, Assistant Director for Budget Analysis.

Evaluation of Regulatory Impact

In accordance with Rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the Committee has concluded that there is no regulatory impact from this bill.

Changes in Existing Law

In compliance with paragraph 12, of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Inter-American Development Bank Act, as amended

* * * * * * *

Sec. 31. (a) The United States Governor of the Bank is authorized to vote for resolutions which were proposed by the Governors of the Bank at a special meeting in February 1983, which are pending before the Board of Governors of the Bank, and which provide for—

(1) an increase in the authorized capital stock of the Bank and subscriptions thereto; and

(2) an increase in the resources of the Fund for Special Operations and contributions thereto.

Upon adoption of these resolutions, the United States Governor is authorized on behalf of the United States—

(A) to subscribe to four hundred twenty-seven thousand three hundred and ninety-six shares of the increase in the authorized capital stock of the Bank, and

(B) to contribute to the Fund for Special Operations $350,000,000,

except that any commitment to make such subscriptions to paid-in and callable capital stock and to make such contributions to the Fund for Special Operations shall be effective only to such extent or in such amounts as are provided in advance in appropriation Acts.

(b) In order to pay for the increase in the United States subscription and contribution provided for in this section, there are authorized to be appropriated, without fiscal year limitation, for payment by the Secretary of the Treasury—

(1) $5,155,862,744 for the United States subscriptions to the capital stock of the Bank; and

(2) $350,000,000 for the United States share of the increase in the resources of the Fund for Special Operations.

Sec. 32. (a) It shall be the policy of the United States that no initiatives, discussions, or recommendations concerning the placement or removal of any Inter-American Development Bank personnel by any official of the United States Government shall be based on the

political philosophy or activity of the individual under consideration.

(b) The Secretary of the Treasury shall consult with Members of the Committee on Foreign Relations of the Senate and the Banking, Finance, and Urban Affairs Committee of the House of Representatives prior to any discussions or recommendations by any official of the United States Government concerning the placement or removal of any principal officer of the Inter-American Development Bank Management.

Asian Development Bank, as amended

* * * * * * *

SEC. 27. (a) The United States Governor of the Bank is authorized to subscribe on behalf of the United States to one hundred twenty-three thousand three-hundred and seventy-five additional shares of the capital stock of the Bank, except that any subscription to the capital stock of the Bank shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there are authorized to be appropriated, without fiscal year limitation, $1,322,999,476 for payment by the Secretary of the Treasury.

SEC. 28. (a) The United States Governor of the Bank is authorized to contribute on behalf of the United States $520,000,000 to the Asian Development Fund, a special fund of the Bank, except that any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

(b) In order to pay for the United States contribution to the Asian Development Fund provided for in this section, there are authorized to be appropriated, without fiscal year limitation, $520,000,000 for payment by the Secretary of the Treasury.

African Development Fund Act, as amended

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TITLE II—AFRICAN DEVELOPMENT FUND

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SEC. 213. (a) The United States Governor of the Fund is authorized to contribute on behalf of the United States $150,000,000 to the Fund as the United States contribution to the third replenishment of the resources of the Fund, except that any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

(b) In order to pay for the United States contribution provided for in this section, there are authorized to be appropriated, without fiscal year limitation, $150,000,000 for payment by the Secretary of the Treasury.

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